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14 Attorneys for The Roman Catholic Archbishop of
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15 UNITED STATES BANKRUPTCY COURT
16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
17

18 In re
19 THE ROMAN CATHOLIC
ARCHBISHOP OF SAN FRANCISCO,
20 Debtor and
21 Debtor in Possession.
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Case No. 23-30564

Chapter 11

**MOTION TO MODIFY FINAL ORDER (1)
AUTHORIZING CONTINUED USE OF
EXISTING CASH MANAGEMENT SYSTEM,
OPERATIONAL BANK ACCOUNTS AND
RELATED INVESTMENT ACCOUNTS; (2)
AUTHORIZING MAINTENANCE OF
EXISTING BUSINESS FORMS, (3)
EXCUSING COMPLIANCE WITH SECTION
345(b); AND (4) AUTHORIZING CONTINUED
USE OF CURRENT INVESTMENT POLICY;
OR, IN THE ALTERNATIVE, AUTHORIZING
U.S. BANK N.A. BANK CARD PROGRAM**

Date: January 11, 2024
Time: 1:30 p.m.
Via ZoomGov
Judge: Hon. Dennis Montali

1 The Roman Catholic Archbishop of San Francisco (the “RCASF” or the “Debtor”), the
2 debtor and debtor in possession in the above-captioned chapter 11 case (the “Bankruptcy Case”),
3 moves the Court (the “Modification Motion”) for entry of an order to modifying the Court’s *Final*
4 *Order (1) Authorizing Continued Use of Existing Cash Management System, Operational Bank*
5 *Accounts and Related Investment Accounts; (2) Authorizing Maintenance of Existing Business*
6 *Forms, (3) Excusing Compliance With Section 345(b); (4) Authorizing Continued Use of Current*
7 *Investment Policy* (ECF 266) (the “Cash Management Order”) or, in the alternative, for entry of a
8 new order authorizing the Debtor to enter into a new bank card program with U.S. Bank N.A. (“U.S.
9 Bank”).

10 In support of this Modification Motion, the Debtor relies upon the *Declaration of Joseph J.*
11 *Passarello in Support of Chapter 11 Petition and First Day Motions* (“Passarello Background
12 Decl.”), the *Declaration of Paul E. Gaspari in Support of Chapter 11 Petition and First Day Motions*
13 (“Gaspari Decl.”), the *Declaration of Joseph J. Passarello in Support of the Cash Management*
14 *Motion* (the “Passarello Decl.”), the *Supplemental Declaration of Joseph J. Passarello in Support*
15 *of the Cash Management Motion*, the *Second Supplemental Declaration of Joseph J. Passarello in*
16 *Support of the Debtor’s the Cash Management Motion*, the *Third Supplemental Declaration of*
17 *Joseph J. Passarello in Support of the Debtor’s the Cash Management Motion*, and the *Declaration*
18 *of Michael Flanagan* filed in support of this Modification Motion (“Flanagan Decl.”),¹ as well as
19 all exhibits filed in support of the declarations. In further support of this Modification Motion, the
20 Debtor respectfully represents as follows:

21 RECITALS

22 A. On August 21, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for
23 relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and thereby
24 commenced the Bankruptcy Case.

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26
27 ¹ Capitalized terms not otherwise defined in this Modification Motion shall have the same
28 meanings ascribed to them in the Passarello Background Decl., the Gaspari Decl., and the
Flanagan Decl.

1 B. On the Petition Date, the Debtor filed certain motions for “first day relief,” on an
2 emergency basis, and related supporting documents, including, but not limited to the declarations
3 and supplemental declarations of Joseph J. Passarello and Paul E. Gaspari (collectively, the “First
4 Day Motions”), including the motion (ECF 9) resulting in the Cash Management Order.

5 C. The Cash Management Order provides among other things that the Debtor may
6 continue to use its existing Cash Management System, which includes:

7 i. The use of credit cards issued by Wells Fargo Bank;

8 ii. Authorization for the Debtor’s Cash Management Banks, including U.S.
9 Bank National Association to (a) debit the Debtor’s accounts in the ordinary course of
10 business without further order of the Court on account of checks drawn on the respective
11 accounts, and (b) honor the Debtor’s request to open or close, as the case may be, any
12 existing bank accounts or additional bank accounts provided however, that any new account
13 shall be with a bank that is insured with the Federal Deposit Insurance Corporation that is
14 organized under the laws of the United States or any State thereof and that such account is
15 either bonded or securitized as described in Bankruptcy Code section 345(b) should the
16 account exceed the FDIC insurance limit, and listed on the U.S. Trustee’s list of authorized
17 depositories for the Northern District of California.

18 iii. Authorization for the Debtor, the Cash Management Banks and Wells Fargo
19 Bank (in connection with the continued use of credit cards) to continue to perform pursuant
20 to the terms of any pre-petition agreements that may exist between them.

21 D. Wells Fargo Bank has informed the Debtor that it will terminate the Debtor’s
22 continued use of its credit cards no later than February 10, 2024.²

23 E. As explained in the Cash Management Motion and supporting declarations and
24 supplemental declarations of Joseph Passarello, the Debtor uses a credit card or bank card to
25

26 _____
27 ² Wells Fargo Bank has elected to discontinue the Debtor’s credit card program for business
28 reasons and complexities related to the Debtor’s bankruptcy case and not for any monetary default
or improper conduct by the Debtor.

1 effectively and efficiently perform its operations. Such bank cards are used, for example, in the
2 ordinary course of business, to make disbursements to trade vendors and service providers, and by
3 employees for approved expenses.

4 F. To replace the Wells Fargo credit cards, U.S. Bank has agreed to provide the Debtor
5 with a new bank card program (“Bank Cards”) which will work similar to a debit card and include
6 the following terms:

7 i. Establishment of a master Bank Card account in the name of the Debtor that
8 may be used by the Debtor to process payments up to the amount of funds provided by the
9 Debtor to fund the account in advance. Advance deposits can be made in any amount, at
10 any time, as often as needed. The Debtor anticipates that it will initially fund the account
11 with approximately \$75,000 to \$100,000 and replenish the account as funds are disbursed to
12 pay for charges, and the Debtor agrees to limit the Debtor’s pre-funded balance for its Bank
13 Card account to a cap of \$200,000 absent further order of the Court.

14 ii. The funds advanced by the Debtor to U.S. Bank will not be held in a Debtor
15 deposit account. Rather, the Debtor’s advance of funds will provide pre-funded credit for
16 use by the Debtor on its Bank Card for its account.³

17 iii. The Debtor has the potential to earn rebates from U.S. Bank depending on
18 the amount of funds expended on the Bank Card. These potential rebates would start at 0.9%
19 depending on the amount of funds expended and the nature of the charged expenditures.

20 iv. Availability for the Debtor’s non-debtor affiliated entities (the “Participants”)
21 to establish separate sub-accounts in the name of each Participant for Bank Cards to be issued
22 to the respective Participants to the extent of funds provided by each Participant in their
23 respective sub-accounts. Approximately 35-40 non-Debtor affiliated entities participated in
24 the Wells Fargo credit card program. The Debtor anticipates that these same affiliated
25
26

27 ³ Since the Bank Card account will not be a “deposit account” and is not available for any use
28 other than the Bank Cards, it does not fall under the terms of coverage by the FDIC.

1 entities and other non-debtor affiliated entities will participate in the U.S. Bank Card
2 program. Participants will establish separate sub-accounts in the name of each Participant.

3 v. Protections for the Debtor's estate via terms including, (i) limiting the use of
4 the Bank Cards to the funds provided by the Debtor and each Participant, respectively, and
5 (ii) Bank Cards may only be used for funds provided by the account holder for each
6 respective account. As such, the Participants will only have access to the funds provided for
7 their respective sub-accounts and will not have access to the funds provided by the Debtor
8 for the Debtor's Bank Card account.

9 vi. Since use of the Bank Cards is limited to the amount of funds provided, the
10 Debtor will not incur interest charges or any annual card fees. Any incurred fees are
11 expected to be minimal and would be based upon certain special circumstances or features
12 such as a default, electronic attachment utility, logo embossing, or customized cards.

13 vii. The card program can be closed at any time at the Debtor's written request.

14 viii. There is no additional cost to the Debtor for the establishment of each
15 Participant's sub-account. However, since the Debtor is the master account holder, the
16 account agreements provide that the Debtor shall be responsible for any unpaid charges by
17 a Participant. This risk is very low since the Participants will be instructed to manage their
18 own accounts, and as noted above, each Participant will be required to post their own funds
19 for use from each Participant's sub-account, each Participant's Bank Cards can only be used
20 to access the available funds in each Participant's respective sub-account, and the Bank Card
21 system is designed to limit any charges to the amount of funds available in each respective
22 account.

23 G. The Debtor explored alternatives such as using a Debtor In Possession account with
24 an associated credit card. However, this program would have required the Debtor to advance a
25 minimum collateral deposit of approximately \$650,000. The Bank Card system does not require
26 any minimum balance (other than \$1.00 to activate). Additionally, the cards are issued under
27 separate names/accounts for the Debtor and each Participant, making for an effective system with
28 flexible advance funding that each entity can manage.

1 H. Under the circumstances, the Debtor submits that the new Bank Card program
2 offered by U.S. Bank is similar to the existing credit card program administered by Wells Fargo
3 Bank but utilizing advanced funds instead of credit and closely aligned with the Cash Management
4 System already approved by the Court. Moreover, the Bank Card program offered by U.S. Bank
5 provides a timely, cost effective, and workable solution to the impending cancellation of the Wells
6 Fargo Bank credit cards.

7 I. In consideration of the foregoing, the Debtor requests modification of the Cash
8 Management Order to include the Bank Card program administered by U.S. Bank as follows:

9 **PROPOSED MODIFICATION OF CASH MANAGEMENT ORDER**

10 1. The Cash Management Order to be modified to authorize the Debtor open and
11 maintain the Bank Card account program with U.S. Bank and execute any agreements related
12 thereto.

13 2. Entry of a proposed modified Cash Management Order with the changes to the
14 existing Cash Management Order noted on the “redline” comparison attached hereto as Exhibit A.

15 **DEBTOR’S ALTERNATIVE REQUEST FOR ENTRY OF ORDER AUTHORIZING THE**
16 **DEBTOR’S USE OF THE U.S. BANK, BANK CARD PROGRAM**

17 In the alternative, the Debtor requests that the Court enter an order in substantially the form
18 appended to this Modification Motion as Exhibit B authorizing the Debtor to (i) establish and use
19 the U.S. Bank, Bank Card program with a pre-funded balance up to \$200,000 during this Bankruptcy
20 Case, and (ii) enter into an account agreement and related documents for the U.S. Bank, Bank Card
21 program.

22 **LEGAL ARGUMENT**

23 The proposed Bank Card program with U.S. Bank closely aligns with the Cash Management
24 Order. As noted above, U.S. Bank is already among the approved Cash Management Banks
25 identified in the Order. The existing Order already authorizes the Debtor to continue use of its Wells
26 Fargo credit cards, and it further authorizes the debtor to open and close bank accounts. Modification
27 of the Cash Management Order to include authorization for the Bank Card program is reasonable
28 and appropriate under the grounds for the authorizations already included in the existing Cash

1 Management Order, the circumstances of this case, and the terms of the proposed Bank Card
2 program noted above.

3 Moreover, with regard to the proposed modification and/or the proposed new order, Section
4 363 of the Bankruptcy Code provides that a debtor, “[a]fter notice and a hearing, may use, sell, or
5 lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. §363(b).
6 Although section 363 of the Bankruptcy Code does not specify a standard for determining when it
7 is appropriate for a court to authorize the use, sale, or lease of property of the estate, such use, sale,
8 or lease should be authorized in the sound business judgment of the debtor or trustee. *See The*
9 *Official Committee of Unsecured Creditors v. The LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d
10 141, 143 (2d Cir. 1992); *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722
11 F.2d 1063, 1070 (2d Cir. 1983) (requiring “some articulated business justification” to approve the
12 use, sale, or lease of property outside the ordinary course of business). In that regard, a sale of assets
13 is appropriate if the debtor or trustee demonstrates a “sound business purpose” for the sale. *See,*
14 *e.g., In re Am. Dev. Corp.*, 95 B.R. 735, 739 (Bankr. C.D. Cal. 1989); *In re Walters*, 83 B.R. 14
15 (B.A.P. 9th Cir. 1988). Indeed, “[w]here the debtor articulates a reasonable basis for its business
16 decisions as distinct from a decision made arbitrarily or capriciously, courts will generally not
17 entertain objections to the debtor’s conduct.” *Committee of Asbestos-Related Litigants and/or*
18 *Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y.
19 1986).

20 The Debtor has articulated its sound business reasons for pursuing the U.S. Bank Card
21 program. As noted above, the Debtor requires the use of bank issued cards to conduct its business.
22 The proposed Bank Card program with U.S. Bank provides a practical, cost-effective solution to the
23 existing Wells Fargo credit cards. In particular, the Debtor and each Participant will have their own
24 separate account numbers. Thus, the Bank Cards will be issued separately based upon the respective
25 accounts and limited to use only to the funds posted to the account for which the Bank Card has
26 been issued. Moreover, the Bank Cards do not have any minimum prefunding balance which gives
27 the Debtor the flexibility to manage its account balance at amounts reasonably necessary to cover
28 anticipated Bank Card expenses. Finally, since the Bank Cards are pre-funded and limited in

1 availability to the amount of funds posted, the Bank Cards will not incur high interest rate charges
2 like the Wells Fargo credit cards could have incurred.

3 Section 364 of the Bankruptcy Code provides that “The court, after notice and a hearing,
4 may authorize the trustee to obtain unsecured credit or to incur unsecured debt other than . . . ” in
5 the ordinary course of business. 11 U.S.C. §364(b). Here, since the Debtor is pre-funding the Bank
6 Cards and, therefore, using the Debtor’s funds to administer the Bank Card program, the Bank Cards
7 are not a traditional form of credit. However, to the extent that the Bank Cards are considered a
8 form of credit, they should be authorized under Bankruptcy Code Section 364(b) for the same
9 reason as the Bank Cards should be authorized under Section 363(b).

10 To the extent necessary, the Debtor also seeks a waiver of the deposit guidelines set forth in
11 section 345(b) to allow the Debtor to maintain its Bank Card account with U.S. Bank. Section 345
12 of the Bankruptcy Code authorizes a debtor to invest cash and money in a manner that will “yield
13 the maximum reasonable net return on such money, taking into account the safety of such deposit
14 or investment.” 11 U.S.C. § 345(a). Section 345(b) of the Bankruptcy Code provides that, unless
15 the bankruptcy court orders otherwise “for cause,”

16 Except with respect to a deposit or investment that is insured or guaranteed by the
17 United States or by a department, agency, or instrumentality of the United States or
18 backed by the full faith and credit of the United States, the trustee shall require from
an entity with which such money is deposited or invested--

19 (1) a bond--

(A) in favor of the United States;

20 (B) secured by the undertaking of a corporate surety approved by the United
States trustee for the district in which the case is pending; and

21 (C) conditioned on--

22 (i) a proper accounting for all money so deposited or invested and for any
return on such money;

23 (ii) prompt repayment of such money and return; and

24 (iii) faithful performance of duties as a depository; or

25 (2) the deposit of securities of the kind specified in section 9303 of title 31.

26 345.S.C. § 345(b).
27
28

1 Section 345 expressly provides that the Court may modify a debtor's investment
2 requirements for "cause." The Debtor submits that cause exists for allowing it to advance funds to
3 U.S. Bank to fund the Debtor's Bank Card balance, without meeting the strict bond requirements of
4 section 345(b).

5 The Debtor submits that its practices conform to the intent of section 345(b) to protect and
6 maximize the value for its estate. The use of the Bank Card program also allows the Debtor to avoid
7 posting \$650,000 in security collateral that would otherwise be required for a debit card program
8 and instead retain those funds in interest bearing accounts or investments. Moreover, the Debtor
9 has the potential to earn cash rebates based upon the amount of the expenditures on the Bank Cards.
10 Finally, by using the Bank Card program, with advance funding and no minimum balance
11 requirements, the Debtor can manage and tailor the amount of its Bank Card Balance to amounts
12 reasonably necessary for the Debtor's use of its Bank Cards. As noted, the Bank Card program will
13 also avoid the potential interest charges that could otherwise accrue under the existing Wells Fargo
14 credit cards, which function as traditional credit cards without any advance funding. Thus, the Bank
15 Card program is reasonably structured to minimize the costs and risks to the estate while maximizing
16 the Debtor's investment.

17 The Debtor further notes that U.S. Bank is a large established bank included on the United
18 States Trustee's list of authorized depositories for the Northern District. Courts have routinely
19 granted requests to approve the continued use of deposit guidelines that do not comply strictly with
20 section 345. This is especially the case when, as here, the manner of the proposed investments is
21 safe and prudent. *See, e.g., In re Serv. Merch., Co., Inc.*, 240 B.R. 894, 896 (Bankr. M.D. Tenn.
22 1999) (enumerating factors to be considered in waiving requirements of section 345, including size
23 of business and safety of debtor's proposed investments). In *In re King Mountain Tobacco Co.,*
24 *Inc.*, 623 B.R. 323, 334 (Bankr. E.D. Wash. 2020), the bankruptcy court held that the debtor was
25 not required to divest its investment accounts because the "totality of the circumstances presented"
26 established cause for waiver of 345(b). Namely, the debtor showed that its investments were safe
27 and that divestment would harm the estate more than it would help increase safety. *See id.* at 333
28 (approving continued use of investment procedures because "the debtor's management appears to

1 have made a reasonable business decision that the benefits of maintaining banking relationships and
2 harmony with prepetition operational practices” and that “sticking with the status quo is the path
3 most likely to maximize the value of the debtor’s business (and hence the bankruptcy estate”).

4 Here, because the Debtor’s proposed Bank Cards are prudent, reasonably safe, and unlikely
5 to lose value, the Court should allow the Debtor to establish and maintain the Bank Card program.
6 The Debtor submits that given the totality of the circumstances, its request is reasonable and cause
7 exists for the Court to relieve the Debtor from compliance with the requirements of Bankruptcy
8 Code section 345(b). For the foregoing reasons, the Debtor believes that granting the relief
9 requested herein is appropriate and in the best interests of its estate.

10
11 Dated: December 21, 2023

FELDERSTEIN FITZGERALD
WILLOUGHBY PASCUZZI & RIOS LLP

12
13 By /s/ Jason E. Rios

JASON E. RIOS
PAUL J. PASCUZZI
THOMAS R. PHINNEY
Attorneys for The Roman Catholic
Archbishop of San Francisco

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17 Dated: December 21, 2023

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

18
19 By /s/ Ori Katz

ORI KATZ
ALAN H. MARTIN
Attorneys for The Roman Catholic
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EXHIBIT A

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14 Attorneys for The Roman Catholic Archbishop of
San Francisco

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

17 In re

Case No. 23-30564

18 THE ROMAN CATHOLIC ARCHBISHOP
OF SAN FRANCISCO,

Chapter 11

19 Debtor and
20 Debtor in Possession.

**AMENDED FINAL ORDER (1) AUTHORIZING
CONTINUED USE OF EXISTING CASH
MANAGEMENT SYSTEM, OPERATIONAL
BANK ACCOUNTS AND RELATED
INVESTMENT ACCOUNTS;
(2) AUTHORIZING MAINTENANCE OF
EXISTING BUSINESS FORMS, (3) EXCUSING
COMPLIANCE WITH SECTION 345(b); (4)
AUTHORIZING CONTINUED USE OF
CURRENT INVESTMENT POLICY; AND
(5) SCHEDULING A FINAL HEARING**

25 Date: October 26, 2023
26 Time: 1:30 p.m.
Via ZoomGov

27 Judge: Hon. Dennis Montali
28

1 Pursuant to a motion to modify the existing Cash Management Order previously entered by
2 the Court as ECF No. 266 (the “Modification Motion” Dkt. No. ____) filed by the Debtor, and after
3 hearing on the Modification Motion on January 11, 2023, this Order amends the Order previously
4 entered as Docket No. 266 to include authorization for the Debtor open and maintain the Bank Card
5 account program with U.S. Bank and execute any agreements related thereto.

6 The motion of The Roman Catholic Archbishop of San Francisco (“Debtor”), debtor in
7 possession, the *Debtor’s Emergency Motion for Interim and Final Orders (1) Authorizing*
8 *Continued Use of Existing Cash Management System, Operational Bank Accounts and Related*
9 *Investment Accounts; (2) Authorizing Maintenance of Existing Business Forms, (3) Excusing*
10 *Compliance With Section 345(b); (4) Authorizing Continued Use of Current Investment Policy; and*
11 *Scheduling a Final Hearing*, filed on August 21, 2023, as ECF No. 9 (the “Motion”),¹ as
12 supplemented from time to time, came on for final hearing on October 26, 2023 at 1:30 p.m., before
13 the Honorable Dennis Montali of the United States Bankruptcy Court for the Northern District of
14 California. Paul J. Pascuzzi, Esq., of Felderstein Fitzgerald Willoughby Pascuzzi & Rios LLP and
15 Ori Katz of Sheppard, Mullin, Richter & Hampton LLP appeared on behalf of the Debtor. All other
16 appearances were as noted on the record.

17 The Court having considered the Motion, the Supplement, the Passarello Background Decl.,
18 the Gaspari Decl., the Passarello Decl., the Supplemental Passarello Decl., the Reply, the Second
19 Supplemental Declaration, the Supplemental Reply, the Third Supplemental Declaration, all
20 exhibits filed in support of the Motion, the Supplement, the Reply, the Supplemental Reply and their
21 supporting declarations, the *United States Trustee’s Omnibus Objection to Debtor’s First Day*
22 *Motions and Reservation of Rights [ECF Nos. 7 & 9]* filed on August 23, 2023, as ECF No. 25, and
23 the *Objection of the United States Trustee to Final Approval of Debtor’s Motion for Continued Use*
24 *of Existing Cash Management System* filed on September 7, 2023, as ECF No. 71 (collectively, the
25 “UST Objections”), the lack of any other objection to the Motion, and the representations made by
26 counsel at the hearing as reflected in the record of the hearing; and the Court having found that it

27 _____
28 ¹ Unless otherwise indicated, capitalized terms not otherwise defined in this Order shall have the
same meanings ascribed to them in the Motion, Supplement, or the Reply as applicable.

1 has jurisdiction over this proceeding; that this is a core proceeding; that notice of the Motion has
2 been given to the Office of the U.S. Trustee, the Cash Management Banks, the twenty largest
3 unsecured creditors, all secured creditors, if any, and any applicable governmental entities; that no
4 further notice is necessary; that the concerns and objections stated in the U.S. Trustee Objection as
5 to this Motion either have been consensually resolved as set forth in the Interim Order and the
6 Second Interim Order or overruled as set forth in this Final Order; that the relief sought in the Motion
7 is in the best interests of the Debtor, its estate, and its creditors; and that good and sufficient cause
8 exists for such relief.

9 It is hereby ORDERED as follows:

10 1. The *Order Overruling Objection of the United States Trustee Regarding Investment*
11 *Accounts* entered on October 30, 2023 as ECF No. 257 is adopted and incorporated herein by this
12 reference.

13 2. The Motion is GRANTED, on a final basis, as set forth herein.

14 3. Except as otherwise provided herein, the Debtor is authorized to: (a) designate,
15 maintain, and continue to use any and all existing Bank Accounts as defined in the Motion with the
16 same account numbers, provided, however, that such accounts shall be designated as debtor in
17 possession accounts to the extent possible by the relevant banks; and (b) continue to use its existing
18 Cash Management System, which includes use of the Investment Accounts and ~~certain credit~~
19 ~~cards~~ updating its Cash Management System to incorporate the Bank Card program with U.S. Bank
20 described in the Modification Motion. In connection with the ongoing use of the Cash Management
21 System, the Debtor shall continue to maintain strict records with respect to all transfers of cash so
22 that all transactions may be readily ascertained, traced, recorded properly, and distinguished
23 between pre- and post-petition transactions, including transactions between the Debtor and any non-
24 Debtor.

25 4. Each of the Debtor's existing depository and disbursement banks, as well as U.S.
26 Bank National Association in its capacity as trustee of the Lay SERP ~~and~~, custodian of the
27 Investment Pool Account, and provider of the Bank Card program described in the Modification
28 Motion (collectively, the "Cash Management Banks"), is authorized to debit the Debtor's accounts

1 in the ordinary course of business without the need for further order of this Court for: (i) all checks
2 drawn on the Debtor's accounts which are cashed at such Bank's counters or exchanged for cashier's
3 checks by the payees thereof prior to the Petition Date; (ii) all checks or other items deposited in
4 one of Debtor's accounts with such Bank prior to the Petition Date which have been dishonored or
5 returned unpaid for any reason, together with any fees and costs in connection therewith, to the same
6 extent the Debtor was responsible for such items prior to the Petition Date; ~~and (iii)(iii) all amounts~~
7 incurred pursuant to charges or amounts owed for Bank Card transactions, and (iv) all undisputed
8 prepetition amounts outstanding as of the date hereof, if any, owed to any Bank for the maintenance
9 of and services related to the Bank Accounts, together with all other fees and obligations relating to
10 the Cash Management System.

11 5. Any of the Debtor's Cash Management Banks may rely on the representations of the
12 Debtor with respect to whether any check or other payment order drawn or issued, or any direction
13 provided pursuant to the applicable deposit, trust or custody agreement, as applicable, by the Debtor
14 prior to the Petition Date should be honored pursuant to this or any other order of this Court without
15 any duty of further inquiry and without liability for following the Debtor's instructions. The Cash
16 Management Banks shall not be deemed in violation of this Order and shall have no liability for
17 relying on such representations by the Debtor or honoring any check or other payment order that is
18 subject to this Order either (a) at the direction of the Debtor to honor such prepetition check or other
19 payment order, (b) in the good faith belief that this Court has authorized such prepetition check or
20 other payment order to be honored, or (c) as a result of an innocent mistake. To the extent that the
21 Debtor directs that any check or other payment order be dishonored or the Cash Management Banks
22 inadvertently dishonor any check or other payment order, the Debtor may issue replacement checks
23 or other payment orders consistent with the orders of this Court.

24 6. That (i) those certain existing deposit, trust, and custody agreements, as applicable,
25 between the Debtor and its Cash Management Banks shall continue to govern the post-petition cash
26 management relationship between the Debtor and the Cash Management Banks, and that all of the
27 provisions of such agreements, including, without limitation, the termination and fee provisions,
28 shall remain in full force and effect, ~~and~~ (ii) the Debtor and the Cash Management Banks may,

1 without further order of this Court, agree to and implement changes to the Cash Management System
2 and procedures in the ordinary course of business, including, without limitation, the opening and
3 closing of bank accounts, and (iii) the Debtor may enter into the account agreements with U.S. Bank
4 for the Bank Card program and implement changes to the Bank Card program in the ordinary course
5 of business.

6 7. Nothing contained herein shall prevent the Debtor from opening any additional bank
7 accounts or closing any existing Bank Account(s) as it may deem necessary and appropriate, and
8 the Cash Management Banks are authorized to honor the Debtor's request to open or close, as the
9 case may be, such bank accounts or additional bank accounts, provided however, that any new
10 account shall be with a bank that is insured with the Federal Deposit Insurance Corporation that is
11 organized under the laws of the United States or any State thereof and that such account is either
12 bonded or securitized as described in Bankruptcy Code section 345(b) should the account exceed
13 the FDIC insurance limit, and listed on the U.S. Trustee's list of authorized depositories for the
14 Northern District of California.

15 8. Any and all accounts opened by the Debtor on or after the Petition Date at any Bank
16 shall similarly be subject to the rights and obligations of this Final Order.

17 9. The Debtor and the Cash Management Banks and Wells Fargo Bank (in connection
18 with the continued use of credit cards) and U.S. Bank (in connection with the use of the new Bank
19 Cards) are hereby authorized to continue to perform pursuant to the terms of any pre-petition
20 agreements that may exist between them, except to the extent otherwise directed by the terms of this
21 Final Order, and the automatic stay of section 362 of the Bankruptcy Code is hereby modified to the
22 extent necessary to authorize such performance. The parties to such agreements shall continue to
23 enjoy the rights and remedies afforded to them under such agreements, except to the extent modified
24 by the terms of this Final Order or by operation of the provisions of the Bankruptcy Code other than
25 section 362.

26 10. Except as provided in this Final Order, the Debtor is authorized to continue to use its
27 existing business forms and stationery without alteration or change.

28

1 11. The Debtor shall take the following actions, as requested by the U.S. Trustee and in
2 an effort to resolve, in part, the U.S. Trustee Objections:

3 a. Close its Segal Bryant investment account and provided proof of same to the
4 U.S. Trustee following such closure;

5 b. Close the FRB account (#9117) and provided proof of same to the U.S.
6 Trustee following such closure; and

7 c. Have each of Bank of America, City National Bank, Bridge Bank, FRB, and
8 CB&T designate the Debtor's respective bank accounts at these institutions as "Debtor in
9 Possession" accounts and provide proof of same to the U.S. Trustee following such
10 designation.

11 12. The Debtor has represented that it has taken the actions identified in Paragraph 11
12 hereof. If these reported tasks have not been completed to the U.S. Trustee's satisfaction by
13 November 15, 2023, the Debtor shall meet and confer with the U.S. Trustee as to the status and
14 expected timing of completion and either the Debtor or the U.S. Trustee may raise any issues related
15 to the closure or "Debtor in Possession" designation of the Debtor's bank accounts with the Court.

16 13. The Debtor shall institute systems to regularly "sweep" funds as follows:

17 a. Funds from the FRB brokerage account (#0589) into a debtor in possession
18 account at an authorized depository for the Northern District of California, on a regular basis;

19 b. Any funds in excess of \$250,000 from the Debtor's bank account at Bank of
20 San Francisco into a debtor in possession account at an authorized depository for the
21 Northern District of California, on a daily basis; and

22 c. Funds from the BofA Securities Account (#9371) to the associated BofA
23 Investment Account.

24 14. Except as otherwise set forth in this Final Order, the Debtor is authorized to continue
25 its current investment practices as described in the Motion and related pleadings, including but not
26 limited to the use of the BofA Securities Investment Account, the Investment Pool Checking
27 Account, the Restricted Donations Account, and the Stock Transfer Account. In connection with
28 the foregoing, the Debtor is authorized to maintain the BofA Securities Investment Account #9371

1 that is tied to the BofA Securities Investment Account without converting or designating such
2 account as a “Debtor in Possession” account.

3 15. Neither this Final Order, nor the Debtor’s payment of any amounts authorized by this
4 Final Order, shall: (i) result in any assumption of any executory contract by the Debtor; (ii) result in
5 a commitment to continue any plan, program, or policy of the Debtor; or (iii) impose any
6 administrative, pre-petition, or post-petition liabilities upon the Debtor.

7 16. In granting the Motion, the Court is not making any findings or determinations as to
8 what is or is not property of the estate. Nothing herein constitutes judicial approval or disapproval,
9 or judicial determination, of what assets are or are not restricted or held in trust or property of the
10 estate or what expenditures are reasonable or appropriate.

11 17. The Debtor is excused from redesignating the Additional Bank Accounts and
12 Supplemental Additional Bank Accounts as debtor in possession accounts and complying with the
13 requirements of section 345(b) as to the Additional Bank Accounts and Supplemental Additional
14 Bank Accounts.

15 18. Notwithstanding the relief granted in this Final Order, all rights of the U.S. Trustee,
16 any statutory committee(s) appointed in this Bankruptcy Case, or any other party in interest,
17 including any right under section 345(b) of the Bankruptcy Code, to object or otherwise challenge
18 the proposed treatment of the BofA Investment Account and the Investment Pool Account invested
19 with fund managers in separate custodial accounts with U.S. Bank, are reserved.

20 19. To the extent the fourteen-day stay of Bankruptcy Rule 6004(h) may be construed to
21 apply to the subject matter of this Final Order, such stay is hereby waived.

22 20. Nothing in this Final Order authorizes the Debtor to make any payments that benefit,
23 directly or indirectly, any credibly accused perpetrator of abuse, whether for wages, support,
24 housing, prepetition claims, retirement or otherwise.

25 21. The Debtors are authorized to take the actions necessary to effectuate the relief
26 granted in this Final Order.

27 22. The Court shall retain jurisdiction to hear and determine all matters arising from
28 implementation of this Interim Order.

1 APPROVED AS TO FORM:

2 Dated: ~~October 31~~, December ____, TRACY HOPE DAVIS, UNITED STATES TRUSTEE FOR
3 2023 REGION 17

4 By ~~/s/ Jason Blumberg~~
5 JASON BLUMBERG
6 Trial Attorney for the United States Trustee

7 Dated: ~~October 31~~, December ____, PACHULSKI STANG ZIEHL & JONES LLP
8 2023

9 By ~~/s/ John W. Lucas~~
10 JAMES I. STANG
11 DEBRA I. GRASSGREEN
12 JOHN W. LUCAS
13 Proposed Attorneys for the Official Committee of
14 Unsecured Creditors

15 *** END OF ORDER ***
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Exhibit B

[Proposed] Order Authorizing U.S. Bank N.A. Bank Card Program

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

In re

THE ROMAN CATHOLIC
ARCHBISHOP OF SAN FRANCISCO,

Debtor and
Debtor in Possession.

Case No. 23-30564

Chapter 11

**[PROPOSED] ORDER AUTHORIZING U.S.
BANK N.A. BANK CARD PROGRAM**

Date: January 11, 2024

Time: 1:30 p.m.

Via ZoomGov

Judge: Hon. Dennis Montali

Upon consideration of the motion (the “Modification Motion”) for entry of an order (this “Order”) authorizing the Debtor to open and maintain a Bank Card¹ account program with U.S. Bank N.A. (“U.S. Bank”) and execute any agreements related thereto; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; this is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having considered the Modification Motion, the *Declaration of Joseph J. Passarello in Support of Chapter 11 Petition and First Day Motions*, the *Declaration of Paul E. Gaspari in Support of Chapter 11 Petition and First Day Motions*, the *Declaration of Joseph J. Passarello in Support of the Cash Management Motion*, the *Supplemental Declaration of Joseph J. Passarello in Support of the Cash Management Motion*, the *Second Supplemental Declaration of Joseph J. Passarello in Support of the Debtor’s the Cash Management Motion*, the *Third Supplemental Declaration of Joseph J. Passarello in Support of the Debtor’s the Cash Management Motion*, and the *Declaration of Michael Flanagan* filed in support of the Modification Motion all exhibits filed in support of the Motion, and the representations made by counsel at the

¹ Capitalized terms shall have the meaning as defined in the Modification Motion.

1 hearing as reflected in the record of the hearing; the Court having found that the relief requested in
2 the Modification Motion is in the best interests of the Debtor's estate, its creditors, and other parties
3 in interest; and it appearing that notice of the Modification Motion and the opportunity for a hearing
4 on the Modification Motion was appropriate under the particular circumstances; and good cause
5 appearing therefor;

6 **IT IS HEREBY ORDERED THAT:**

- 7 1. The Modification Motion is hereby GRANTED as set forth herein.
- 8 2. The Debtor is authorized to open, maintain, and perform the Bank Card account
9 program with U.S. Bank and execute any agreements related thereto.
- 10 3. The Debtor is authorized to take all actions necessary to effectuate the relief granted
11 in this Order in accordance with the Modification Motion.
- 12 4. The Court shall retain jurisdiction over any and all matters arising from the
13 interpretation or implementation of this Order.

14 APPROVED AS TO FORM:

15
16 Dated: January __, 2024

TRACY HOPE DAVIS, UNITED STATES TRUSTEE FOR
REGION 17

17
18 By _____

19 JASON BLUMBERG
Trial Attorney for the United States Trustee

20 Dated: January __, 2024

PACHULSKI STANG ZIEHL & JONES LLP

21
22 By _____

23 JAMES I. STANG
DEBRA I. GRASSGREEN
JOHN W. LUCAS
24 Proposed Attorneys for the Official Committee of
25 Unsecured Creditors

26 ***** END OF [PROPOSED] ORDER *****

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Court Service List
ECF Participants